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# **Preliminary Evidence Regarding Marketing's Role in Environmental Management Theory**

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## **ABSTRACT**

Prior research specific to government public policy topics finds that firms manage threatening public policy either by competing in new ways to offset (potential) policy limitations or managing the public policy so as to prevent it from limiting business. And while managing policy to prevent business limitations often involves political strategies, such as lobbying or investing in PACs, prior marketing research suggests most management of threats occurring in a firm's external business environment are likely to revolve around marketing, instead of political, strategies.

So as to better understand marketing's role in environmental management, survey responses of executive level-respondents were matched to marketplace evidence of political versus marketing strategies, i.e. Consumer Reports. Hierarchical linear modeling was utilized so that a series of firm strategic responses to policy threats were clustered within respondents to represent a strategic tendency across policies and over time. And respondents were clustered within firms so as to avoid relying on individual reports of firm behavior (n = 48 firms).

Known as environmental management theory, firms are understood to take formal strategic stances in managing forces of the external business environment, which includes government public policy pressures of the socio-political force. The product-focused, i.e. focusing on the potential marketplace outcome of a policy pressure, strategic response to environmental pressures exemplified by improving product quality so as to find new ways to compete in a marketplace altered by the policy pressure represents an attempt to merely adapt to the environment, also known as deterministically oriented. Yet, the process-focused, i.e. focusing on the political process underlying the policy pressure(s), strategic response to environmental pressures exemplified by decreasing product price so as to focus remaining strategic resources and energy on political strategies represents an attempt to control, change, or influence the environment, also known as oriented with strategic choice. Thus, firms oriented towards changing the environmental pressure default to the relatively less (resource) intense marketing tool of pricing strategies so more focus can be directed towards the necessary political tools in managing threatening government public policy. Yet, firms oriented towards adapting to the pressure rely relatively more on marketing tools (i.e. product quality improvements, product R&D investments). Consumer Reports data confirm these findings, i.e. marketplace evidence.

As such, this research does not find marketing to play a large role in firms' proactive (i.e. strategic choice orientation) management strategies of the socio-political force. Instead, this preliminary evidence indicates that managing the socio-political force is distinct from managing the other four forces (i.e., consumer demand, supplier power, market domain competition), in that such attempts require such fundamentally different skills and resources. This is important because prior research finds that when firms focus on the outcome of a threatening public policy and work to adapt to that marketplace outcome, such adaptation is likely to result in consumer benefits, such as R&D, quality products, or socially innovative products. Confirmation of such ensuing consumer benefits are evidenced in this research in that this study finds that firms which do NOT proactively (i.e., deterministic orientation designated as adaptation) manage threatening public policy are relatively more likely to be rated by Consumer Reports in a way that indicates product development and improvement in response to the policy threat.

### **ABOUT THE AUTHORS**

Dr. Jess Mikeska, Assistant Professor of Marketing at Indiana State University, received her Marketing PhD in the College of Business Administration at the University of Nebraska–Lincoln. She received the Outstanding Graduate Research Assistant in the College of Business Administration Award at the University of Nebraska–Lincoln in 2014. Her research interests revolve around firm strategy within the larger external marketing environment, including public policy contexts, and behavior aspects of professional selling.

Dr. Les Carlson, Professor of Marketing at the University of Nebraska–Lincoln, holds the Nathan Gold Distinguished Professorship and received his Marketing PhD in the College of Business Administration at the University of Nebraska–Lincoln. He is a Past President, Vice President, and Treasurer of the American Academy of Advertising, and a former editor of the *Journal of Advertising* and associate editor of the *Journal of Public Policy & Marketing*. He has received the AAA Outstanding Contribution to Research Award and the AAA Kim Rotzoll Award for Advertising Ethics and Social Responsibility. His research interests focus on consumer socialization and green marketing together with the public policy implications of both of these interest areas.